

to application approval or a conditional commitment of guarantee.

PART 1721—POST-LOAN POLICIES AND PROCEDURES FOR INSURED ELECTRIC LOANS

Subpart A—Advance of Funds

Sec.

1721.1 Advances.

Subpart B—Extensions of Payments of Principal and Interest

- 1721.100 Purpose.
- 1721.101 General.
- 1721.102 Definitions.
- 1721.103 Policy.
- 1721.104 Eligible purposes.
- 1721.105 Application documents.
- 1721.106 Repayment of deferred payments.
- 1721.107 Agreement.
- 1721.108 Commencement of the deferment.
- 1721.109 OMB control number.

AUTHORITY: 7 U.S.C. 901 *et seq.*; 1921 *et seq.*; and 6941 *et seq.*

Subpart A—Advance of Funds

§ 1721.1 Advances.

(a) *Purpose and amount.* With the exception of minor projects, insured loan funds will be advanced only for projects which are included in an RUS approved borrower's construction work plan (CWP) or approved amendment and in an approved loan, as amended. Loan fund advances can be requested in an amount representing actual costs incurred.

(b) *Minor project.* Minor project means a project costing \$100,000 or less. Such a project qualifies for advance of loan funds even though it may not have been included in an RUS-approved borrower's CWP, amendment to such CWP, or approved loan. Total advances requested shall not exceed the total loan amount. All projects for which loan fund advances are requested must be constructed to achieve purposes permitted by terms of the loan contract between the borrower and RUS.

(c) *Certification.* Pursuant to the applicable provisions of the RUS loan contract, borrowers shall certify with each request for funds to be approved for advance that such funds are for projects in compliance with this section and shall also provide for those

that cost in excess of \$100,000, a contract or work order number as applicable and a CWP cross-reference project coded identification number. For a minor project not included in an RUS approved borrower's CWP, the Borrower shall describe the project and do one of the following to satisfy RUS' environmental requirements (see 7 CFR part 1794).

(1) If applicable, state that the project is a categorical exclusion of a type described in § 1794.21(b), which normally does not require preparation of an Environmental Report (ER); or

(2) If applicable, state that the project is a categorical exclusion of a type that normally requires an ER and then:

(i) Submit the ER with the request for funds to be approved for advance, or

(ii) If applicable, certify that it has analyzed the minor project with respect to a comprehensive service area environmental map and data base collected and used in preparing the ER for its RUS-approved borrower's CWP, and that on the basis of that information, the minor project will not be located in an environmentally sensitive area or location.

(d) *Noncompliance.* Where insured loan funds are found to have been advanced in noncompliance with this section, borrowers will be required to deposit the appropriate amount of the over-advance in the construction fund-trustee account and pay any accrued and unpaid interest to RUS. The Administrator will require borrowers, in order to remedy such noncompliance, to pay an additional amount equal to the interest on the funds over-advanced for the period such funds were outstanding, calculated at a rate equal to the difference between the RUS loan interest rate and the most recent rate at which RUS sold Certificates of Beneficial Ownership (CBO's). While RUS will generally permit the amount of over-advance deposited in the construction fund-trustee account to be subsequently used by the borrower for RUS approved projects, nothing in this section shall be construed to preclude RUS from exercising any rights or remedies which RUS may have pursuant to the loan contract.

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